

**PROPERTY ASSESSMENT APPEAL BOARD**  
**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

PAAB Docket No. 2021-091-00231A

Parcel No. 230003420262

**Brett Corrigan,**

Appellant,

vs.

**Warren County Board of Review,**

Appellee.

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**Introduction**

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on January 3, 2022. Brett Corrigan was self-represented. Warren County Assessor Janet Bunce represented the Board of Review.

Brett and Theresa Corrigan own an agriculturally classified property located at 24436 108th Avenue, New Virginia, Iowa. Its January 1, 2021, assessment was set at \$618,000, allocated as \$2,100 in land value and \$615,900 in dwelling value. (Ex. A).

Brett Corrigan petitioned the Board of Review contending the property was misclassified and that there was an error in the assessment. Iowa Code § 441.37(1)(a)(1)(c & d) (2021). (Ex. C). The Board of Review denied the petition. (Ex. B).

Corrigan then appealed to PAAB re-asserting his claims, and also asserting the assessment was not equitable as compared with assessments of other like property in the taxing district, was assessed for more than the value authorized by law, and there was fraud or misconduct in the assessment under section 441.37(a)(1)(a, b & e). His statement of his claims at the time of the hearing is that he believes his property is misclassified, that it is over assessed, and that there is an error in the assessment.

## **General Principles of Assessment Law**

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code R. 701-126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

## **Findings of Fact**

The subject property is an agriculturally classified 5.490-acre site improved with two structures. Corrigan purchased the land in 2017. He built the first structure, which he describes as an outbuilding, in 2018. (hereinafter Structure One). It is listed as a one-story frame with 936 square feet of gross living area, and 575 square feet of standard (low quality) basement finish, a wood deck, and an attached 2424 square foot garage. In total, it has a combined gross building area of 3360 square feet. Structure One has both heating and cooling, two bathrooms, and two built-in appliances. It is listed in normal condition with an average quality grade (4-05). It is listed as a residential structure and assessed for \$178,300. (Ex. A).

The second structure is a dwelling. Corrigan constructed his residence in 2020, which he describes as 75 feet away from Structure One. His residence is a one-story log home with 2019 square feet of gross living area, 1650 square feet of living-quarters quality basement finish with a walk out feature, an 812-square-foot attached garage, an open porch, and three decks. It has five bedrooms and three bathrooms. It is listed in

normal condition with high quality construction (Grade 2-10). The home is assessed as a residential structure for \$437,600. (Ex. A).

Corrigan is in the construction industry. Corrigan testified he built Structure One to store agricultural and other equipment on the main level. He finished the upper level to use as a residence while he built the second structure, his dwelling, on the site. He provided photographs of Structure One's main level that depicts four overhead garage doors, a pickup vehicle with a topper, a tractor, a skid loader, lawn mower with a snow plow blade, and other miscellaneous stored items. (Ex. 1). The photographs also depict a rudimentary kitchen area, a walk-in cooler, an area for butchering cows or other animals, and a stairway to an upper level. The interior walls and ceilings are drywalled and painted, with ceiling fans and some recessed lighting. He testified Structure One does not have a basement. He described the upper level as one big room with a bathroom. According to Corrigan, he built Structure One for approximately \$80,000, with some of his own or his employees' labor, but mostly hired subcontractors. He did not provide any independent evidence of the market value of Structure One, such as an appraisal.

Corrigan also testified he owns two other agriculturally classed parcels consisting of approximately 77 acres on which he has a pasture, an orchard with approximately 30 trees, and a horse barn. His brother acquired a three-acre portion of Corrigan's site and built a home next door to the subject. Corrigan testified of his intent to market products from his orchard, to establish a bee operation, and to buy cows for slaughter.

Corrigan testified he is not presently using Structure One as a residence and has no intention to do so. He asserts he has built a residence on the property with its own garage, and Structure One is primarily used as an agricultural outbuilding. He allowed an inspection of his property by the Assessor's Office and recalled being told he would need to remove the upper level finishes of Structure One in order to have the listing of this improvement changed from residential to agricultural. Corrigan asserted this would be nonsensical. He believes the primary use of the structure is agricultural as he uses it to store agricultural equipment, and for slaughter/prep of fruit and livestock.

Corrigan's testimony concerning the use of Structure One focused on his intent for future uses. No evidence of its present or past use for slaughtering livestock or fruit preparation was submitted. He described the use of the kitchen as a prep area for his produce from his orchard, which includes apple, cherry, and peach trees. Corrigan described his plans to plant more fruit trees, can produce at maturity, and sell products at a farmer's market. As of yet, he has not sold any produce and it is not entirely clear whether the kitchen has ever been used for processing produce. He also indicated his wife's desire to begin a bee operation. He intends to buy a "couple of calves" and raise "maybe 8-9 of them" and "maybe butcher 1 or 2." His plans for the use of the meat were unclear. Some personal consumption was implied.

Evidence of the use of equipment stored in Structure One was also limited. Several items would appear of some utility for the subject five-acre site, such as a plow. While Corrigan implied he and his brother use some of the equipment on his adjacent acres, the agricultural production on those acres was not detailed. He testified one of the parcels will be used in the future for raising cattle; the other parcel is the orchard. He indicated the neighboring parcel also includes a horse barn, where they keep their horses.

Corrigan also testified he believed his dwelling was assessed too high compared to other properties with more gross living area. The dwelling is presently assessed for \$437,600. (Ex. A). He submitted one comparable in support of his claim. (Ex. C). 24267 Highway 69, New Virginia is a one-story home built in 2016, with 2120 square feet of gross living area, 1700 living-quarters quality finish with a walk out feature, an open porch, two decks, a patio, and an attached 814 square foot garage. The comparable dwelling is assessed at \$434,100. It has not recently sold. This comparable also has a shed and a steel utility building that are assessed as agricultural buildings, for a total of \$2,700. The record does not contain additional information about the condition and grade of the comparable dwelling, or the use or other features of the outbuildings. Corrigan submitted no other evidence to support his over assessment claim.

Warren County Assessor Janet Bunce testified on behalf of the Board of Review. She explained Structure One was classified residential when constructed as it was used

as a residence by Corrigan. Bunce stated the structure is not a typical agricultural building because it has a furnace, two air conditioning units, and extensive interior and exterior finishes. For those reasons she priced it as a residential improvement because she viewed it more akin to a detached garage with an upper level living area. According to the IOWA REAL PROPERTY APPRAISAL MANUAL, a detached garage with upper finished area containing a kitchen, bathrooms, etc. “can be priced as a one story with basement...with the garage area being considered the basement level with basement stalls.” MANUAL, p. 7-91. (Ex. F). Bunce stated the living quarters are of high quality and fully functioning. She contends it serves more purposes than a typical agricultural building and is similar to structures identified as barndominiums. She points to Iowa Admin. Code Rule 701-71.1(4), which defines residential real estate to include “structures and improvements used primarily as part of, or in conjunction with, the dwelling. This includes but is not limited to garages, whether attached or detached...” When asked whether Structure One might demonstrate some level of obsolescence as an over improvement, she stated potentially.

Viewing the exterior photographs of Structure One on the property record card, we note it appears of frame construction, with a painted exterior, and four large overhead doors. (Ex. A). The interior photographs reflect a large garage area that is drywalled, has ceiling fans, trim work, painted walls and ceilings, adorned with wall-mounted deer heads, and other personal items as well as equipment and a vehicle. There are no pictures of the finished upper area, but it represents approximately 28% of the total building area. In Bunce’s opinion, it is far different from a traditional agricultural building which prompted her to value it as a residential garage with living quarters. Although the subject property is classified as agricultural, Bunce testified its classification was due to Corrigan’s ownership of other adjoining agriculturally classified property.

In support of the dwelling’s assessment the Board of Review submitted five rural residential properties, four of which sold in 2019 or 2020. (Ex. D). Because these properties are each classified residential, their land values vary significantly from the subject’s agricultural land valuation. The assessed dwelling values range from \$231,100

to \$383,700, compared to the Corrigan's dwelling value of \$437,600. The subject is the newest home with a higher quality grade than four of the five comparables. Four of the properties have similar gross living area, but little else is known about the comparables or their sales. No adjustments were made to account for potential differences from the subject. All are located in Indianola, not New Virginia. For all these reasons, we cannot conclude these properties demonstrate a market value for the subject dwelling.

### **Analysis & Conclusions of Law**

Corrigan asserts Structure One on the subject property is misclassified as a residential structure and should instead be classified agricultural. He also asserts this constitutes an error in the assessment, and that the property is assessed for more than authorized by law. Corrigan bears the burden of proof. § 441.21(3). Because the primary focus of his appeal is on the valuation of his Structure One, we first turn to his claim of misclassification.

Iowa assessors are to classify and value property following the provisions of the Iowa Code and administrative rules adopted by the Iowa Department of Revenue (Department) and must also rely on other directives or manuals the Department issues. Iowa Code §§ 441.17(4), 441.21(1)(h). The Iowa Department of Revenue has promulgated rules for the classification and valuation of real estate. See Iowa Admin. Code r. 701-71.1. The assessor shall classify property according to its present use. *Id.* Classifications are based on the best judgment of the assessor exercised following the guidelines set out in the rule. *Id.* Boards of Review, as well as assessors, are required to adhere to the rules when they classify property and exercise assessment functions. *Id.* There can be only one classification per property, except as provided for in paragraph 71.1(5) "b". *Id.*

The parties do not dispute the overall classification of the property as agricultural. The primary dispute in this case is whether Structure One should be considered a detached garage and valued at market value, or should be considered an agricultural building and receive an agricultural factor adjustment. The following Iowa Administrative Rules prescribe how buildings on agricultural land are to be assessed.

Residential property “shall include all land and buildings which are primarily used or intended for human habitation... including those buildings located on agricultural land”. R. 701-71.1(4). This includes the dwelling as well as structures used in conjunction with the dwelling, including but not limited to garages and sheds. “Residential real estate located on agricultural land shall include only buildings as defined in this subrule.” *Id.*

Agricultural property includes land and *improvements* used in good faith primarily for agricultural purposes. R. 701-71.1(3). (Emphasis added). Land and nonresidential improvements shall be considered to be used primarily for agricultural purposes if its principal use is devoted to the raising and harvesting of crops or forest and fruit trees, the rearing, feeding, and management of livestock, or horticulture, all for intended profit. *Id.*

Corrigan asserts Structure One is primarily used for agricultural purposes and should be valued as an agricultural building. If it is considered an agricultural building, it is valued based on productivity as an enhancement of an agricultural enterprise. § 441.21(1)(e); R. 701-71.3(2).<sup>1</sup> Traditionally, agricultural buildings receive an “ag factor” in the assessment which can significantly lower assessed values. The Board of Review believes the structure is fit for residential use, its construction is not consistent with typical agricultural buildings, and therefore it should be considered a residential, detached garage. If it is considered a residential structure, even on agricultural land, it is assessed based on its market value. § 441.21(1)(b).

We agree Structure One bears little resemblance to a traditional agricultural building. Even without considering the living quarters, its finishes are superior to typical agricultural buildings. Moreover, in our experience, it is not uncommon for acreage

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<sup>1</sup> Rule 701-71.3(2) provides, in order to determine a productivity value for agricultural buildings and structures, assessors must make an agricultural adjustment to the market value of these buildings and structures by developing an “agricultural factor” for the assessors’ jurisdictions. The agricultural factor for each jurisdiction is the product of the ratio of the productivity and net earning capacity value per acre as determined under subrule 71.12(1) over the market value of agricultural land within the assessing jurisdiction. The resulting ratio is then applied to the actual value of the agricultural buildings and structures. The agricultural factor must be applied uniformly to all agricultural buildings and structures in the assessing jurisdiction. *Id.*

properties similar to the subject to have a dwelling and associated detached garage used for residential storage, equipment, hobbies, etc. As is discussed later, there are indications that this building is similarly used. Although not determinative of our ultimate conclusion, the existence of the finished living area cannot be entirely ignored.

Corrigan, however, asserts Structure One is mainly used to store agricultural equipment, and houses facilities to prepare agricultural/horticultural products, and slaughter livestock or other animals. The photographs show a tractor, truck, lawnmower with blade, and skid loader are stored in the structure. They also show a kitchen/prep area which Corrigan testified will be used for processing fruit crops from his orchard. The building also contains a walk-in cooler and an area for processing and butchering meat. Lastly, Corrigan indicates the structure is not used as a residence and is not used in conjunction with his dwelling or for other non-agricultural purposes.

Notably, Corrigan's testimony was focused on his future plans for use of Structure One. Even those plans were rather vague in nature, and no evidence of past or present uses for the processing of fruit or livestock with an intent to profit was submitted.

Further, while the submitted photographs are helpful in determining what is in the structure, there was no testimony about how the stored items are used. Therefore, we can only make some assumptions about how the items are used. For instance, we can reasonably assume the tractor is used for agricultural purposes. However, we are not prepared to make the same assumption for the other major items stored in the structure. Indeed, we might reasonably assume the lawnmower with blade is used for mowing the residence's yard and clearing snow, which would be indicative of residential use.

The photographs also show some items typically associated with residential purposes are stored in the building including a gun safe and used exercise equipment. Considering the existence of the gun safe and wall-mounted deer heads, it might be also reasonable to assume the butchering area is used for processing deer meat; this typically would not be considered an agricultural use.

Having considered the testimony and evidence, we find Structure One is not presently and primarily used for agricultural purposes. The building can clearly be used



for both residential and agricultural purposes, but we are not persuaded its primary use as of January 1, 2021 was agricultural. It may be used in such a manner in the future, but at present we find it more akin to a detached garage. Accordingly, Corrigan's claim of misclassification fails.

Corrigan also asserts there are errors in the assessment, mainly based upon his belief Structure One is incorrectly listed as a residence. An error may include, but is not limited to, listing errors or erroneous mathematical calculations. Iowa Admin. Code R. 701-71.20(4)(b)(4). Corrigan disputes the listing of Structure One as a one-story structure with a basement. Having heard the testimony and reviewed the photographs of the subject, all can agree it has no basement. Rather, Bunce testified this assignment was applied to price the structure for what it is: largely a detached garage type structure, with some finish area, and also containing upper living area. This was done following instructions in the MANUAL. While not perfect in terms of traditional descriptions, we find it appropriately values the cost of the improvements and the existing components. As noted above, Structure One has different construction components, quality, and features of a traditional agricultural building. Thus, use of traditional agricultural building pricing schedules would not accurately reflect the value of the structure. Accordingly, we find Structure One is properly listed and there is no error in the assessment.

While we find the structure to be properly listed, we believe it may be considered an over improvement in the market and therefore might necessitate some level of obsolescence. At the hearing, the Assessor also conceded as much. However, Corrigan did not raise this particular claim and, even if he had, there is a lack of evidence quantifying any obsolescence. Therefore, we recommend the Assessor review the structure for future assessment cycles to determine if obsolescence is warranted.

Corrigan also asserts a claim that his residence is assessed for more than market value. In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 780 (Iowa 2009) (citation omitted). Sales prices

of the property or comparable properties in normal transactions are to be considered in arriving at market value. § 441.21(1)(b).

Typically, evidence a property is assessed for more than the value authorized by law consists of a competent appraisal, a comparative market analysis, or comparable sales adjusted for differences with the subject. Corrigan submitted one property for comparison, but it did not recently sell, and little is known about the home. Even taken at face value, this dwelling's assessment is very close to the subject's dwelling assessment.

Viewing the record as a whole, we find Corrigan has failed to demonstrate the subject dwelling is over assessed.

### **Order**

PAAB HEREBY AFFIRMS the Warren County Board of Review's action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

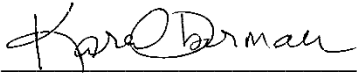
Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A.



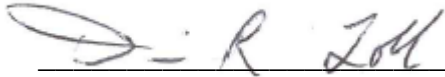
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Elizabeth Goodman, Board Member



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Karen Oberman, Board Member



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Dennis Loll, Board Member

Copies to:

Brett Corrigan by efile

Warren County Board of Review by efile